

***16 V.S.A Chapter 87, Subchapter 8: Vermont Universal Children's Higher Education Savings Account Program***

**§ 2880. Definitions**

As used in this subchapter:

(1) "Approved postsecondary education institution" means any institution of postsecondary education that is:

(A) certified by the State Board of Education as provided in section 176 or 176a of this title;

(B) accredited by an accrediting agency approved by the U.S. Secretary of Education pursuant to the Higher Education Act;

(C) a non-U.S. institution approved by the U.S. Secretary of Education as eligible for use of education loans made under Title IV of the Higher Education Act; or

(D) a non-U.S. institution designated by the Corporation as eligible for use of its grant awards.

(2) "Committee" means the Vermont Universal Children's Higher Education Savings Account Program Fund Advisory Committee.

(3) "Corporation" means Vermont Student Assistance Corporation.

(4) "Eligible child" means a minor who is a Vermont resident at the time the Corporation deposits or allocates funds pursuant to this subchapter for his or her benefit.

(5) "Postsecondary education costs" means the qualified costs of tuition, fees, and other expenses for attendance at an institution of postsecondary education, as defined in the Internal Revenue Code of 1986, as amended, together with the regulations promulgated thereunder.

(6) "Program" means the Vermont Universal Children's Higher Education Savings Account Program.

(7) "Program beneficiary" means an individual who is or who was at one time an eligible child for whom the Corporation deposited or allocated funds pursuant to this subchapter and who has not yet attained 29 years of age or, for national service program participants, the extended maturity date.

(8) "Program Fund" means the Vermont Universal Children's Higher Education Savings Account Program Fund.

(9) "Vermont Higher Education Investment Plan" or "Investment Plan" means the plan created pursuant to subchapter 7 of this chapter.

(10) "Vermont resident" means an individual who is domiciled in Vermont as evidenced by the individual's intent to maintain a principal dwelling place in Vermont indefinitely and to return there if temporarily absent, coupled with an act or acts consistent with that intent. A minor is a Vermont resident if his or her parent or legal guardian is a Vermont resident, unless a parent or legal guardian with sole legal and physical parental rights and responsibilities lives outside the State of Vermont. (Added 2015, No. 45, § 2.)

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**§ 2880a. Vermont Universal Children's Higher Education Savings Account Program** established; powers and duties of the Vermont Student Assistance Corporation

(a) It is the policy of the State to expand educational opportunity for all children. Consistent with this policy, the Vermont Student Assistance Corporation shall partner with one or more foundations or other philanthropies to establish and fund the Vermont Universal Children's Higher Education Savings Account Program to expand educational opportunity and financial capability for Vermont children and their families.

(b) Pursuant to this subchapter, the Corporation shall establish and administer the Program, which shall include the Vermont Universal Children's Higher Education Savings Account Program Fund and financial education for Program beneficiaries and their families and legal guardians. The Corporation, in addition to its other powers and authority, shall have the power and authority to adopt rules, policies, and procedures, including those pertaining to residency in the State, to implement this subchapter in conformance with federal and State law.

(c) The Vermont Departments of Health and of Taxes and the Vermont Agencies of Education and of Human Services shall enter into agreements with the Corporation to enable the exchange of such information as may be necessary for the efficient administration of the Program.

(d) The Corporation's obligations under this subchapter are limited to funds deposited in the Program Fund specifically for the purpose of the Program.

(e) The Corporation shall annually on or before January 15 release a written report with a detailed description of the status and operation of the Program and management of accounts. (Added 2015, No. 45, § 2.)

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**§ 2880b. Vermont Universal Children's Higher Education Savings Account Program Fund**

(a) The Vermont Universal Children's Higher Education Savings Account Program Fund is established as a fund to be held, directed, and administered by the Corporation. The Corporation shall invest and reinvest, or cause to be invested and reinvested, funds in the Program Fund for the benefit of the Program.

(b) The following sources of funds shall be deposited into the Program Fund:

(1) any grants, gifts, and other funds intended for deposit into the Program Fund from any individual or private or public entity, provided that contributions may be limited in application to specified age cohorts of beneficiaries; and

(2) all interest, dividends, and other pecuniary gains from investment of funds in the Program Fund.

(c) Funds in the Program Fund shall be used solely to carry out the purposes and provisions of this subchapter, including payment by the Corporation of the administrative costs of the Program and the Program Fund and of the costs associated with providing financial education to benefit Program beneficiaries and their parents and legal guardians. Funds in the Program Fund may not be transferred or used by the Corporation or the State for any purposes other than the purposes of the Program. (Added 2015, No. 45, § 2.)

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**§ 2880c. Initial deposits to the Program Fund**

(a) Each year, the Corporation shall deposit \$250.00 into the Program Fund for each eligible child born that year, beginning on or after January 1, 2016.

(b) In addition, if the eligible child has a family income of less than 250 percent of the federal poverty level at the time the deposit under subsection (a) of this section is made, the Corporation shall make an additional deposit into the Program Fund for the child that is equal to the deposit made under subsection (a).

(c) Notwithstanding subsections (a) and (b) of this section, if the available funds in a given calendar year are insufficient to provide for the maximum

deposits under this section, the Corporation shall prorate the deposits accordingly.  
(Added 2015, No. 45, § 2.)

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**§ 2880d. Vermont Higher Education Investment Plan accounts; matching allocations for families with limited income**

(a) The Corporation shall invite the parents or legal guardians of each Program beneficiary to open a Vermont Higher Education Investment Plan account on the beneficiary's behalf.

(b) The beneficiary, his or her parents or legal guardians, other individuals, and private and public entities may make additional deposits into a beneficiary's Investment Plan account.

(c) Annually, the Corporation shall deposit into the Program Fund a matching allocation of up to \$250.00 per eligible child on a dollar-to-dollar basis for contributions made that year to a single Investment Plan account established for the child under this section, provided that at the time of deposit, the eligible child has a family income of less than 250 percent of the federal poverty level.

(d) Notwithstanding subsection (c) of this section, if the available funds in a given calendar year are insufficient to provide for the maximum allocation amounts under this subsection, the Corporation shall prorate the allocations accordingly. (Added 2015, No. 45, § 2.)

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**§ 2880e. Withdrawal of Program funds**

(a) Subject to the provisions of this section, the Investment Plan requirements under subchapter 7 of this chapter, and the rules, policies, and procedures adopted by the Corporation, a Program beneficiary shall be entitled to Program funds deposited or allocated by the Corporation for his or her benefit if:

(1) the beneficiary has attained 18 years of age or has enrolled full-time in an approved postsecondary education institution;

(2) the Corporation has sufficient proof that the beneficiary was an eligible child at the time the deposit or allocation was made;

(3) the funds are used for postsecondary education costs and made payable to an approved postsecondary education institution on behalf of the beneficiary; and

(4) the withdrawal is made prior to the beneficiary's attaining 29 years of age, provided that for a beneficiary who serves in a national service program, including in the U.S. Armed Forces, AmeriCorps, or the Peace Corps, each month of service shall increase the maturity date by one month.

(b) If a Program beneficiary does not use all of the funds deposited or allocated by the Corporation for his or her use prior to the maturity date, the beneficiary shall no longer be permitted to use these funds and the Corporation shall unallocate the unused funds from the beneficiary within the Program Fund.

(c) This section shall not apply to withdrawal of funds that are contributed to an Investment Plan account opened for the benefit of the account's beneficiary under subsections 2880d(a) and (b) of this title and that are not Program funds deposited or allocated by the Corporation. (Added 2015, No. 45, § 2.)

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#### **§ 2880f. Rights of beneficiaries and their families**

(a) A parent or legal guardian shall be allowed to opt out of the Program on behalf of his or her child.

(b) An individual otherwise eligible for any benefit program for elders, persons who are disabled, families, or children shall not be subject to any State resource limit based on funds deposited, allocated, or contributed on behalf of an eligible child or Program beneficiary to the Program Fund or an Investment Plan. (Added 2015, No. 45, § 2.)

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#### **§ 2880g. Financial literacy programs**

State agencies and offices, including the Agencies of Education and of Human Services and the Office of the State Treasurer, in collaboration with existing statewide community partners and nonprofit partners that specialize in financial education delivery and have developed an available infrastructure to support financial education across multiple sectors, shall develop and support programs to encourage the financial literacy of Program beneficiaries and their families and legal guardians throughout the duration of the Program via mail, mass media, and in-person delivery methods. (Added 2015, No. 45, § 2.)

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#### **§ 2880h. Program Fund Advisory Committee**

(a) There is created a Vermont Universal Children's Higher Education Savings Account Program Fund Advisory Committee to identify and solicit public and private funds for the Program and to advise the Corporation on disbursement of funds.

(b) The Committee shall be composed of the following 11 members:

(1) the Governor or designee, ex officio;

(2) the President of the Corporation or designee, ex officio;

(3) two representatives of the Vermont philanthropy community, appointed by the Governor;

(4) two representatives of the Vermont business community, appointed by the Governor;

(5) two members from Vermont advocacy organizations representing individuals and families with limited income, appointed by the Governor; and

(6) three members selected by the Committee.

(c) Non-ex-officio members shall serve four-year terms, appointed and selected in such a manner that no more than three terms shall expire annually.  
(Added 2015, No. 45, § 2.)